

Ex Post-Evaluation Brief

Brazil: Natural Resources Policy Project (NRPP)



Sector	41010 Environmental policy and administrative management	
Project/Client	Natural Resources Policy Project (1995 65 243)*	
Programme executing agency	Ministerio do Meio Ambiente (MMA)	
Year of sample/ex post evaluation report: 2013/2013		
	Appraisal (planned)	Ex post-evaluation (actual)
Investment expenses	EUR 64.2 million**	EUR 58.4 million
Own contribution	EUR 9.3 million	EUR 7.8 million
Third-party contributions	EUR 34.45 million	EUR 36.8 million
FC funds	EUR 20.45 million	EUR 13.8 million

* random sample 2013; **Exchange rate ø EUR 1 = USD 1.23

Short description: The Natural Resources Policy Project (NRPP) was part of the international pilot programme to conserve the tropical forests in Brazil (PPG7). It was carried out between 1996 and 2009 under the auspices of the Brazilian Ministry of the Environment (MMA) – in cooperation with German Development Cooperation, the *Rain Forest Trust Fund* (RFT) managed by the World Bank, the EU, the British DFID as well as the Brazilian federal government and the individual federal states. The programme measures included strengthening the institutional capabilities of the environmental authorities in the 9 federal states of the Amazon region and integrated resource management projects at state and local level; the total programme costs amounted to USD 71.8 million. The German contribution (Financial Cooperation/ FC and Technical Cooperation/ TC) to the NRPP focussed on 4 states (Acre, Amazonas, Pará & Rondônia). The programme measures financed by FC totalled EUR 13.8 million (USD 17.0 million) and primarily encompassed equipment support to the authorities involved in environmental management and establishing protected areas, extensive mapping and surveys including the respective equipment (geographic information systems/GIS, laboratory, etc.), creating digitised zoning, regional and management plans, and providing support for training and implementation. TC support (USD 9 million) primarily included institutional consultation, assistance in the creation and implementation of the relevant rules and laws as well as coordination activities.

Objectives: The overall objective (impact) of the NRPP was to contribute to the conservation and sustainable use of natural resources in the Amazon. Programme objective (outcome): effective environmental management capability at federal state level. Indicators: (1) Instruments for integrated environmental management are applied in an exemplary manner for particularly vulnerable regions. (2) State-level environmental authorities, in cooperation with relevant stakeholders, fulfil their mandate to implement a decentralised nature conservation policy in an appropriate manner. **Target group:** Management and staff of state environmental institutions and other agencies directly or indirectly involved in natural resource policy for the Amazon at the federal, state and municipal level, as well as the inhabitants of the Amazon and Brazil who are directly affected by sustainable resource use.

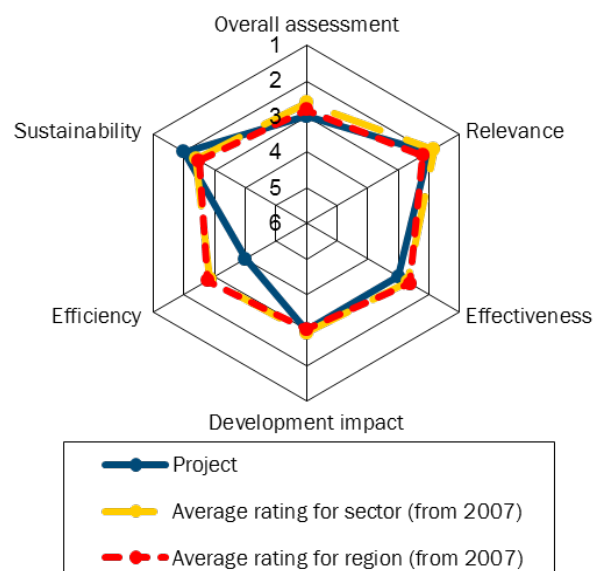
Overall rating: 3

The programme has made an important contribution to decentralising environmental policy and enhancing the capabilities of state-level environmental authorities. A particularly positive aspect of the programme is its sustained effect: virtually all the measures initiated under the scope of the programme are continued. Programme weaknesses were particularly evident in the area of efficiency.

Of note:

Almost all persons interviewed stressed the importance of the programme. The lessons learned in the programme – positive and negative – reportedly played a particularly prominent role.

Rating by DAC criteria



GENERAL CONDITION AND STATUS OF THE PROJECT

Brazil's stronger commitment to a more active environmental policy began in the 1980s. The 1988 Constitution strengthened principles and administrative mechanisms for a national environmental policy. The Constitution formulated the shared responsibility of the federal, state and local governments for the protection of the environment and conservation of natural resources. It and gave the states and municipalities a much stronger role in public environmental management.

Even though the Amazon states formally accepted this mandate, environmental management and nature conservation efforts were generally ineffective. They lacked the political, legal and institutional basis as well as the personnel and funding to pursue effective nature conservation and sustainable development. At the time, there was also no informational basis for a planned, sustainable management of land and natural resources: there were no suitable maps, ownership and utilisation rights were largely unclear, and there was no information on soil composition, biodiversity and similar issues in the regions. A system for spatial and land-use planning did not exist.

Those central problems were the starting point for the Natural Resource Policy programme project. It was the only programme under the PPG7 geared toward all nine states of the Amazon; it played a key role in the PPG7. Initial conditions in each of the 9 states of the Amazon varied considerably, both with respect to the political situation and the institutional-administrative characteristics as well as in terms of the deforestation process. Consequently, specific measures at the respective state level had to accommodate these differences. The project was thus created as a largely open programme.

The programme had a very strong political dimension: decentralising legislative and executive powers was a new concept for Brazil. Politically and economically influential groups in the Amazon states affected (cattle farmers, timber traders, land speculators, state politicians) had only limited interest in effective nature conservation, which made it more difficult to implement the programme.

EVALUATION SUMMARY

Overall rating

The project is rated as satisfactory. Everyone interviewed confirmed that the project's important contribution to improved environmental management and natural resource conservation. The institutions involved also gained valuable experience in the framework of the programme. The state-level environmental authorities are much stronger today with respect to their institutional, financial and staffing capacities. Instruments and strategies for environmental protection and resource conservation were expanded and improved under the programme. The relevant laws and directives exist in all states, but implementation is still inade-

quate. Programme weaknesses were particularly evident in the area of efficiency.

Rating: 3

Relevance

The NRPP addressed a core problem for effective nature conservation and sustainable development: the inadequate political, legal and institutional basis as well as insufficient staffing and funding at a decentralised level. The priority of first making the state environmental authorities functional was correctly identified. The intervention is embedded in an overall development process of the partner country. Since the 1980s, Brazil's political agenda has included decentralising important tasks in natural resource conservation and increasing the effectiveness of conservation measures. While shifting powers and responsibilities to federal state level was the initial focus, the priority today is subsequent power transfer to the local level. The content of the measures at the state level was defined in line with the strategic plans and priorities of each individual state.

The NRPP was the only PPG7 project geared toward all nine Amazon states. The project was created as an open programme as a result of the varying overall conditions and initial prerequisites. It is consistent with the development objectives of the BMZ, was aligned to the pilot programme to protect the Amazon rain forest (PPG7), and was carried out together with various donors. Donor harmonisation was possible only to a limited extent due to different donor requirements and procedures. Planning, however, was a joint effort and responsibilities were distributed among the donors. The national budget structure was used for programme implementation, which is a positive aspect in terms of using the partner's own systems (see *Paris Declaration*); however, this approach also hampered efficient implementation (see below).

The intervention logic and its underlying causalities appear convincing from today's perspective. The programme measures are considered suitable to achieve the desired contribution to natural resource conservation. However, impact achievement can only be attributed to a limited extent to the programme, whose focus lies on strengthening the environmental authorities and monitoring instruments. Nonetheless other factors, such as the development of sustainable production strategies, were included within the scope of the PPG7.

A major weakness of the PPG7 is still the lack of involvement of other sectors and stakeholders that relevant to the success of natural resource conservation (e.g. agriculture and livestock). It must also be said that the individual PPG7 projects were not systematically coordinated, and potential synergies thus remained untapped. Nevertheless, the overall programme relevance is rated "good".

Sub-Rating: 2

Effectiveness

The programme flexibility mentioned above as well as the political character of the project and its alignment with the priorities of the states meant that the programme objectives were formulated relatively loosely. Qualitative indicators were used when defining the original indicators to measure the programme's attainment of objectives. This approach made it more difficult to assess whether objectives had been reached because indicators were open to a certain degree of interpretation. The original indicators and programme objectives were reformulated for the ex-post evaluation, with the original objectives used as indicators. Nevertheless, the (understandable) weaknesses identified in the formulation of the objectives and indicators cannot be completely eliminated in retrospect: the progress and (in some cases, preliminary) results of the process promoted by the NRPP are difficult to capture quantitatively and attribute clearly.

The following indicators were used to assess whether the objectives of the programme had been achieved: (1) instruments of integrated environmental management are developed in an exemplary manner for particularly vulnerable regions. (2) State-level environmental authorities, working together with other relevant stakeholders, fulfil their mandate to implement a decentralised nature conservation policy in an appropriate manner. Without a doubt, the NRPP contributed to strengthening the state environmental authorities' capacity and developing integrated environmental management instruments. It strongly supported the creation of protected areas, the development of respective environmental laws, and the formulation and implementation of environmental and natural resource conservation programmes: in terms of staffing, funding and equipment, state authorities are much better equipped than at the beginning of the programme. Environmental and natural resource conservation is much more strongly embedded politically and socially than at the outset. With respect to the development of integrated instruments of environmental management, the programme, with its environmental-economic zoning, introduced the first, still relatively rough form of spatial planning, which was adopted into law in those states supported by Financial Cooperation. The zoning results were used, among other things, to identify protected areas and define usage guidelines for areas.

One important result of the NRPP was the development of the SLAPR, an environmental licensing system for land ownership. For the first time, the system brought together licensing and monitoring activities and enabled the environmental authorities to target their monitoring activities more precisely through the use of satellite-supported deforestation surveillance. However, the ex-post evaluation showed that the staffing capacities of the state environmental authorities are still very limited in this area. It is not possible to effectively combat deforestation with the existing capacities.

Support for the local level is rated not very effective. The measures did not go beyond selective intervention. It was not possible to provide strong support to the municipalities due to inadequate staffing, and the high turnover in personnel made it impossible to achieve long-lasting effects.

Despite the progress made, there are still considerable shortcomings in effective environmental protection and resource conservation. Licensing has not yet been implemented across-the-board; it is not possible to monitor compliance with legal requirements with the existing staff, and in many cases the penalties that have been imposed are not enforced. As a result, the overall effectiveness of those necessary but not yet adequate improvements is rated only satisfactory.

Sub-Rating: 3

Efficiency

The programme's implementation structure was extremely complex. This resulted in prolonged planning and administrative processes as well as high transaction costs. Implementation was also delayed by frequent changes in responsibilities among the participants. Programme implementation, which was originally scheduled to take 5 years, lasted much longer: 13 years. A considerable portion of the funds was not utilised and had to be reprogrammed.

It is difficult to precisely assess production efficiency: the necessary programme design changes to make during implementation make it all but impossible to track how much funding was used for which measures. This does not allow for a meaningful cost-benefit analysis. However, interviewees felt that most of the funded measures were practical and that no funds had been wasted. They also stated that the complex planning and administrative processes had helped prevent corruption and misuse of funding. With respect to allocation efficiency, the need to encourage a functioning environmental management and monitoring system at the state level is undisputed *per se*, given the federal set-up of Brazil and the geographic distances involved. Alternatives may have existed in some cases in terms of implementation modalities, but are difficult to pin down in retrospect. Overall, efficiency is rated not satisfactory.

Sub-Rating: 4

Impact

The overall objective of the NRPP was to contribute to the conservation and sustainable use of natural resources in the Amazon. Indicators were not defined for this, but it seems logical to consider the deforestation rates over the course of time. Deforestation rates in the four states are lower than at the beginning of the programme (1998: 9,076 km² forest loss; 2013 estimate: 4,073 km²), but they fluctuate widely. In any case, it is difficult to attribute lower deforestation rates to the NRPP because that phenomenon is caused by many factors, and a functioning environmental management system at state level is only one of them, albeit important. Due to the extremely important role structures and effective institutions play in these developments, we conclude that the impact of the NRPP was positive, although not quantifiable, in terms of the overall objective; the NRPP strengthened the capacity of the environmental authorities and contributed to expanding and improving the strategies and processes

for environmental protection and natural resource conservation. In particular, the NRPP improved monitoring possibilities and systems in the area of environmental protection and resource conservation.

The NRPP also provided the Amazon states with a platform for dialogue and the exchange of information. The NRPP helped structure the development of environmental protection and resource conservation policies in the Amazon states; it also contributed to their coherence by encouraging dialogue between the states on the processes and strategies developed in environmental and resource management, analysing experiences, and adapting and replicating strategies developed in one state to another.

Overall, we still rate the developmental impact as satisfactory, with particular respect to the implementation weaknesses that remain (see above).

Sub-Rating: 3

Sustainability

The measures funded and strategies developed under the scope of the NRPP show a high level of continuity. Most will be continued, used further and enhanced. Since the programme ended, the state environmental authorities have been further strengthened. They have been able to stabilise their personnel base. More permanent jobs have been and will be created. Staff expertise and specialisation have reportedly increased. The infrastructure and equipment of the environmental authorities are funded by the federal government, the states or other sources (e.g. *Fundo Amazonas*, bilateral cooperation, cooperation with non-governmental organisations).

Today, decentralisation in the sector is mainly being advanced at the local level where – justifiably – a greater need for action continues to arise.

Macro zoning created an overarching, national framework for zoning measures. To what extent the zoning instrument and zoning outcomes can be used over the long run depends on how they are translated into concrete regional development and land-use plans and to what extent they can be supplemented or replaced by new strategies such as the *Cadastro Ambiental Rural* (CAR).

A change in political priorities poses a risk to the sustainability of the programme's impact because economic and environmental interests in Brazil have to be weighed against one another to a great extent. On the one hand, Brazil wants to conserve its natural resources and fight deforestation of the Amazon region. At the same time, policy makers are under pressure to promote the country's economic growth, improve the quality of life and ensure access to water, healthcare and energy. However, with public environmental awareness in Brazil having increased over the last few years and environmental policy having shifted more to the

"political centre", it must be assumed for the time being that Brazil will continue its efforts. Overall, we rate sustainability as good.

Sub-Rating: 2

Notes on the methods used to evaluate project success (project rating)

Projects (and programmes) are evaluated on a six-point scale, the criteria being relevance, effectiveness, efficiency and overarching developmental impact. The ratings are also used to arrive at a final assessment of a project's overall developmental efficacy. The scale is as follows:

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| 1 | Very good result that clearly exceeds expectations |
| 2 | Good result, fully in line with expectations and without any significant shortcomings |
| 3 | Satisfactory result – project falls short of expectations but the positive results dominate |
| 4 | Unsatisfactory result – significantly below expectations, with negative results dominating despite discernible positive results |
| 5 | Clearly inadequate result – despite some positive partial results, the negative results clearly dominate |
| 6 | The project has no impact or the situation has actually deteriorated |

Ratings 1-3 denote a positive or successful assessment while ratings 4-6 denote a not positive or unsuccessful assessment

Sustainability is evaluated according to the following four-point scale:

Sustainability level 1 (very good sustainability): The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability): The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected).

Sustainability level 3 (satisfactory sustainability): The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability): The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and is very unlikely to improve. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The overall rating on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. Ratings 1-3 of the overall rating denote a "successful" project while ratings 4-6 denote an "unsuccessful" project. It should be noted that a project can generally be considered developmentally "successful" only if the achievement of the project objective ("effectiveness"), the impact on the overall objective ("overarching developmental impact") and the sustainability are rated at least "satisfactory" (rating 3).